

Aging with Dignity

California has the fastest growing population in the country, and the fastest growing segment of California's population is persons age 85 and over. The number of people over 60 years of age will grow from 4.9 million in 2000 to 9.0 million in 2020. There are approximately 100,000 individuals in long-term care facilities in California. Approximately two-thirds (68,000) are supported by Medi-Cal.

The 1999 Budget Act and related legislation included a requirement to increase the hours of direct patient care that must be provided to nursing home residents by approximately 10 percent. The 1999 Budget also funded a 5 percent increase in wages paid to the staff who care for Medi-Cal nursing home patients, in addition to the annual cost-of-living adjustment based on audited cost data. These enhancements total \$99.0 million (\$51.5 million General Fund) in 1999-00.

In addition, the Governor signed Chapter 895, Statutes of 1999, which establishes a Long-Term Care Council within the California Health and Human Services Agency, to coordinate long-term care policy development across multiple departments and programs.

With the 2000-01 Budget, the Administration proposes the Aging with Dignity Initiative, committing \$271.5 million (\$140.4 million General Fund) to help elderly people remain at home, or with their families, rather than in nursing homes; dramatically increase the availability of innovative community-based alternatives to nursing home care; and enhance the quality of care in California's nursing homes ([see Figure A](#)).

Helping Seniors Stay at Home

The Aging with Dignity Initiative builds on current efforts to help seniors remain at home and live independent lives in the community. These expanded efforts:

- **Enact a \$500 Long-Term Care Tax Credit**—The Administration proposes a \$500 tax credit for families caring for seniors at home. This credit will help offset the direct cost of long-term care, such as home health visits, adult day care, and home safety modifications, as well as indirect costs, such as unpaid leave that some caregivers must take. Eligible families include those with seniors certified by a licensed physician as being unable for at least six months to perform at least three activities of daily living, such as dressing without substantial assistance. This credit will reduce General Fund revenues by \$47.0 million in 2000-01.
- **Increase the State Share of Wages for Public Authority In-Home Supportive Services Providers**—The Administration proposes to increase in-home senior caregiver wages to \$8.00 per hour over five years, contingent on growth in General Fund revenues. This proposal will allow more seniors to live independently at home, or with their families, by enhancing the ability of public authorities to recruit and retain senior caregivers. In 2000-01, the Administration will pay a share of an additional 35 cents per hour, increasing wages to \$6.60 per hour. The Budget includes \$55.7 million (\$20.0 million General Fund) for this purpose.

- **Allow Low-Income Seniors to Keep More Income for At-Home Care**—This proposal reduces the out-of-pocket payments many presently have to contribute toward their own medical costs before Medi-Cal is available. The proposal extends "no-cost" Medi-Cal to approximately 13,000 aged and disabled persons with income up to 100 percent of the federal poverty level (FPL) and maintains the share-of-cost for those above the FPL. This will help more seniors remain at home, notwithstanding high medical expenses, without having to move to nursing home care. The Budget includes \$4.8 million (\$2.4 million General Fund) for this new program in 2000-01. At full implementation, annual costs will be approximately \$12.0 million (\$6.0 million General Fund).
- **Establish Long-Term Care Innovation Grants**—The Administration challenges the foundation and private sector communities to partner with the State in an effort to dramatically expand innovative strategies and alternatives to nursing home placement. To jump start this effort, the Budget includes a \$20.0 million one-time General Fund grant program to implement and expand community-based adult care alternatives to nursing homes. The Administration will be seeking a commitment from private foundations to fully fund these innovation grants in the amount of \$50.0 million each year for the next ten years. The Administration will work with the Long-Term Care Council in establishing this grant program.
- **Create a Senior Housing Information and Support Center in the Department of Aging**—The Center will provide information concerning housing options and home modification alternatives that will allow seniors to live independently or with their families. This Center will promote education and training for professionals who work directly with seniors to keep them living as independently as possible. The Center will serve as a clearinghouse for information for seniors and families on available innovative resources and senior services. The Budget includes eight positions and \$1.0 million General Fund for these purposes.
- **Pursue a Senior Wellness Education Campaign**—This campaign will educate seniors and their families on innovative community-based and in-home care alternatives to institutional care. The Budget includes \$1.0 million General Fund in the Department of Aging for the campaign.

Enhancing Quality of Care

The Administration proposes to increase the number of qualified caregivers for California seniors by providing job training resources for recruitment and training of staff in the long-term care industry, instituting a system of quality incentive awards, and increasing Medi-Cal rates, as follows:

- **Train Employees to be Caregivers**—The Budget includes \$15.0 million of federal Workforce Investment Act funds to train current or prospective employees in the caregiver industries, including nursing homes and the In-Home Supportive Services program. The Budget also targets \$35.0 million of Welfare-to-Work funds for recruitment, retention, and training of these same caregivers.

- **Create Quality Awards for Exemplary Nursing Homes**—Cash awards will be made to facilities that serve high proportions of Medi-Cal patients and maintain the highest quality of patient care. The Budget includes \$10.0 million (\$8.0 million General Fund) for this purpose. Facilities will be eligible to receive awards of \$20,000 to \$50,000 each year. The Administration proposes that these awards be directed by facilities toward staff bonuses.
- **Increase Nursing Home Employee Wages**—In addition to existing Medi-Cal cost-based rate adjustments, the Budget includes \$65.8 million (\$32.5 million General Fund) to provide an additional 5 percent wage increase for caregivers in nursing facilities, above the 5 percent increase provided in the 1999 Budget Act. The 2000-01 Budget also includes audit staff to assure both wage increases are passed through to employees as required.
- **Review Staff-to-Patient Ratios for Nursing Homes**—The Governor directs the Department of Health Services (DHS) to review minimum staff-to-patient ratios in nursing facilities and to make recommendations by December 31, 2000.

Improving Enforcement

This Administration is committed to improving the quality of care provided to seniors residing in California's nursing homes. The DHS focuses enforcement activities on nursing homes that demonstrate difficulty in maintaining compliance with state and federal requirements. To further protect the most vulnerable Californians, the Budget includes several initiatives to increase the number of nursing home inspections, ensure rapid response in complaint investigations, and strengthen enforcement activities, as follows:

- **Increase Unannounced Inspections of Nursing Homes**—The Budget includes \$7.4 million (\$3.0 million General Fund) and 100 positions to increase the frequency and unpredictability of nursing home inspections, and inspect homes under new federally-mandated standards adopted as part of the President's Nursing Home Initiative.
- **Expand Intensive Review of Poor Performing Nursing Homes**—The Budget includes \$4.1 million (\$2.5 million General Fund) and 55 positions to expand a successful pilot program of intensive review of nursing homes that fail to meet quality-of-care standards. Facilities repeatedly failing to comply with nursing home standards will be placed in receivership or have their licenses revoked by the State.
- **Guarantee Rapid Response to Nursing Home Complaints**—The Budget includes \$3.9 million (\$2.2 million General Fund) and 46.5 positions to guarantee a 48-hour response in investigating non-emergency complaints regarding patient care.
- **Require Facilities to Increase Posting of the Ombudsman's Toll-Free Number**—This proposal will require all licensed facilities to increase posting of an 800 number for complaints regarding patient safety. The proposal includes penalties of \$100 per day for noncompliance.
- **Authorize State License Revocation for State and Federal Violations**—Under existing law, the State is limited in its ability to revoke nursing home licenses for serious and chronic failure to meet quality-of-care standards. The Administration proposes legislation that will streamline revocation of licenses based on state or federal deficiencies.

- **Provide for Provisional (Probationary) Licensure Status for Facilities that have the Most Serious Care Problems**—Currently, a provisional license may only be issued for six months after a change of ownership. The Administration proposes legislation to allow DHS to put any facility back on probation for violations of standards of care.
- **Increase Fines for Serious or Repeat Violations, and Allow for Direct Referral of Severe Violations to District Attorneys for Prosecution**—The Administration proposes to increase fines for "AA" citations, violations that cause the death of a patient, to \$100,000, from the current range of \$5,000-\$25,000. The Administration also proposes legislation to increase fines for a first "A" citation, violations that can cause serious harm or death or have caused serious harm, from a range of \$1,000-\$10,000 to a range of \$2,000-\$20,000.
- **Increase the Expenditure Cap on the Health Facility Citation Fund**—This fund is used for court-appointed receiverships, or to replace patient trust accounts or personal possessions that are misappropriated or destroyed. At present, annual revenue in the fund in excess of \$1.0 million is transferred to the General Fund. This limit will be increased to \$10.0 million, thereby allowing a reserve in the fund sufficient to handle several receiverships at once.

Strengthening Fiscal Standards

Currently, the State requires applicants for nursing facility licenses to maintain a cash reserve sufficient to operate a facility for up to 45 days with no additional revenue source. Additional financial solvency standards and reporting requirements are necessary to ensure that not only the facility operator, but the operator's parent company has the necessary resources to provide quality long-term care to California's frail and elderly population. The Administration supports the strengthening of fiscal standards in the following ways:

- **Establish a Fiscal Solvency Review Advisory Board to Review and Establish New Standards and Reporting Requirements for Nursing Facility Licensees**—The State has a duty to protect residents from unnecessary transfers and disruptive closures. Currently, 11 percent of California's nursing homes are in Chapter 11 bankruptcy, putting at risk the quality of care for seniors in these homes. The Budget proposes funding for the establishment of a Fiscal Solvency Review Advisory Board to recommend appropriate fiscal standards for nursing homes to prevent bankruptcies and disruptions in care.
- **Authorize DHS to Provide for a Temporary Manager**—Under existing law, for homes with severe fiscal mismanagement or substandard quality of care, the State has no intermediate sanctions or alternatives short of a court-appointed receiver. The Administration proposes statutory changes to allow appointment of a temporary state manager, paid for by the licensee, and to prohibit return of the facility to the licensee should a temporary manager be refused.
- **Allow DHS to Recover Costs of Court Appointed Receivers from Parent Corporations or Individual Owners**—The Administration proposes expanding current law to allow the State to recover the cost of a receiver from any substandard licensee or any related corporation(s).